

February 11, 1999

## TAX POLICY POINTS

- **Clinton Keeps Right on Taxing** — Clinton, with the largest surplus in U.S. history, proposes raising taxes again. In his latest budget, Clinton has proposed a major net tax hike of \$65 billion in increased taxes and user fees. He fails to provide a single significant tax cut for working Americans despite a burgeoning \$4.5 trillion surplus over the next 15 years!
- **Republicans Say Save Social Security First, Then Send Some Back to Those Who Sent It** — Republicans agree we should save Social Security first, but Republicans also think the surplus itself signals what we should do — a surplus means taxpayers overpaid, and so we should return the money to those who earned it.
- **Growing Tax Burden** — Tax revenues grew 9 percent last year. That's twice as fast as the economy itself.
  - Taxes equaled 20.5 percent of GDP last year — the highest level since the Second World War. Taxes are expected to grow even higher under Clinton's budget, reaching 20.7 percent in 2000.
  - The average household paid 25 percent of its income in taxes (federal, state, and local) and 30 percent of every additional dollar earned by a four-person median income household of \$55,000 will go to pay taxes.
  - Individuals and families earning \$50,000 and above already pay 82 percent of *total* taxes and 91 percent of *income* taxes.
- **Call it a "Surplus Surtax"** — For the first time since 1957, America will have two consecutive years of budget surpluses. Does Clinton propose sending any back? No. Instead, Clinton proposes raising taxes almost an additional two cents for every dollar of surplus that America is creating — a two-cent surplus surtax!
  - Even with the paltry tax cuts that are in the President's budget, the net tax

hike is \$45 billion. When you add the \$20 billion in new user fees and the backdoor tax hike of \$16 billion from the states' settlement with the tobacco companies, the figure increases to \$81 billion in new net federal revenue.

- That Clinton opposes tax cuts shouldn't be a surprise — Clinton has proposed a net tax hike every year he has been in office. In 1993 he proposed and signed the largest tax hike in American history.

- **Republicans Want To Provide Americans With Real Tax Relief** — Two years ago Republicans gave the American people a down payment on real tax relief, and now they want to give everyone a 10-percent across-the-board income tax cut.

- In 1997, Republicans provided Americans with \$272 billion in tax relief over 10 years, including a \$500 per child tax credit, death tax relief, capital gains relief, and expanded IRAs to encourage savings.
- Republicans now say cut income taxes by 10 percent across the board — joining with 29 states that are using their budget surpluses to cut income taxes this year.
- Republicans don't pick winners and losers. Every income taxpayer would see their tax burden fall by 10 percent.
- A 10-percent tax cut in itself is a good start — we would also like to address other fairness issues, including the marriage penalty, death taxes, and more.

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